



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Superior Bancorp

Person to be contacted regarding this report:	James A. White, CFO
CPP Funds Received:	\$69,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/5/2008
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	18010
FDIC Certificate Number: (For Depository Institutions)	17750
City:	Birmingham
State:	Alabama

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Superior's mortgage banking originations for 2009 have significantly exceeded the originations for the year 2008, with 4,269 loans totaling \$777.0 million compared to 2,645 loans totaling \$490.3 million, respectively.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	These originations also included a significant increase in loans qualifying under FHA/VA with the year ended December 31, 2009 being 7.6 times higher than the loans generated for 2008, with 859 loans totaling \$125.5 million compared to 112 loans totaling \$16.1 million, respectively.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	We increased the Allowance for Loan Losses by \$13 million (from \$28.9 million as of December 31, 2008 to \$41.9 million as of December 31, 2009).

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Our Net Charge Offs increased by \$8.4 million (from \$7.1 million for the year ended December 31, 2008 to \$15.5 million for the year ended December 31, 2009).
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The total risk based capital has been maintained between 12.15% and 10.69 % from December 31, 2008, to December 31, 2009, due to the injection of these funds. Without CPP, we would have had to dramatically reduce our lending activity during 2009 (see below for more detail).

What actions were you able to avoid because of the capital infusion of CPP funds?

Had the TARP funding not been approved, we would have been forced to either freeze or restrain lending activity and reduce the balance sheet or have undertaken an extremely expensive marginal capital financing to support loan growth.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

During fourth quarter 2009, we took advantage of a unique opportunity in the local market by bringing on board 60 mortgage originators and associated staff from an existing Alabama bank which had been taken into the FDIC receivership and sold to another financial institution. This allows us tremendous opportunity in both Alabama and Florida to expand our mortgage operation. This expansion is expected to double our origination capability in Alabama, as well as significantly improve the efficiency of the secondary placement of our existing originations.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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